

European Metals  
Holdings Limited

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Directors

David Reeves  
Non-Executive Chairman

Keith Coughlan  
Managing Director

Dr Pavel Reichl  
Executive Director

Company Secretary

Mrs Julia Beckett

Corporate Information

ASX Code: EMH

CDIs on Issue: 52.26M

Market Cap: \$3.66M



EUROPEAN METALS

20 April 2015

ASX ANNOUNCEMENT

FURTHER POSITIVE LITHIUM TESTWORK AT EUROPEAN METALS  
(ASX:EMH) CINOVEC PROJECT AND HOA WITH COBRE MONTANA  
(ASX:CXB)

Key Points

- Follow up work produces higher purity battery-grade lithium carbonate
- Estimated operating cost less than US\$2,000 per tonne of lithium carbonate produced (after sulphate of potash credit)
- On a project basis, and after tin and tungsten credits, operating cost estimates for lithium carbonate production are anticipated to reduce further
- HOA signed with Cobre Montana as basis for future JV on lithium production
- The Cinovec deposit is a globally-significant lithium resource with potentially lowest-quartile operating costs

European Metals has received results for additional lithium carbonate testwork on material from the Company's Cinovec lithium deposit in the Czech Republic. Results demonstrate the ability to precipitate a consistently high-grade lithium carbonate product.

Cobre Montana, which is managing the testwork program, has determined an approximate cost to produce lithium carbonate of less than \$2,000/t net of potash by-product credits. Significant additional revenue derived from tin-tungsten production should result in a further lowering of this cost.

Based on these results, European has signed a non-binding HOA with Cobre that lays out the basis for a JV between the parties to further develop this exciting opportunity.

The Managing Director of European, Mr Keith Coughlan said:

“Replicating the production of high purity lithium carbonate in further tests provides confidence that Cinovec has the potential to be a globally significant, low cost lithium carbonate producer for European. These results

are now being included in the Company's scoping study, which is due for release in the very near term. The combination of low lithium processing costs and significant revenue from tin-tungsten production augers well for the project and for European Metals”.

### Second successful lithium carbonate precipitate from Cinovec ore

The table below shows specifications for the two batches of lithium carbonate produced from a sample of Cinovec ore. The first had a purity of 99.56% and the second 99.66%. Significantly, levels of transition metals and arsenic are very low.

Cinovec Lithium Carbonate purity >99.6%												
Li <sub>2</sub> O	K <sub>2</sub> O	CaO	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	FeO	MgO	S	P	As	Co	Rb	Cs
%	ppm	ppm	ppm	ppm	ppm	Ppm	ppm	ppm	ppm	Ppm	ppm	Ppm
40.3	176	57	ND	87	ND	67	1581	162	ND	ND	24	ND
40.3	128	75	ND	54	23	ND	1042	94	ND	ND	8	ND

### HEADS OF AGREEMENT

European and Cobre have executed a non-binding Heads of Agreement (HOA) to record the intentions of the parties prior to drafting a formal Joint Venture Agreement (JVA). Terms recorded in the HOA include:

- The JV covers production of lithium carbonate and associated by-products through processing tails from treatment to recover tin and tungsten
- Cobre to Manage the JV with an overarching technical committee comprising equal representation from Cobre and European
- The JV to utilize licence rights granted to Cobre by Strategic Metallurgy P/L and to procure the technical support of Strategic
- The JV to cover additional opportunities in countries sharing common borders with the Czech Republic
- European to supply lithium-bearing tin tailings to the JV
- The JV to compensate European on the basis of:
  - Tonnes of concentrate fed to the leach circuit
  - Concentrate to be priced to provide equivalent IRR to both the tin operation and the lithium operation.

## **Cinovec Tin Project**

Cinovec is an historic tin mine incorporating a significant undeveloped lithium and tin resource with by-product potential including tungsten, rubidium, scandium, niobium and tantalum. Cinovec hosts a globally significant hard rock lithium deposit with a total inferred resource of 514.8Mt @ 0.43% Li<sub>2</sub>O. The resource estimates are based primarily on exploration completed by the Czechoslovakian Government in the 1970s and 1980s, including 83,000m of drilling and 21.5km of underground exploration drifting. The deposit is amenable to bulk underground mining and has had over 400,000 tonnes trial mined as a sub-level open stope. Recent metallurgical testwork on lithium extraction using proprietary technology has produced battery-grade lithium carbonate; metallurgical testwork on representative samples indicates the potential for very high tin recoveries, upwards of 80%. Cinovec is very well serviced by infrastructure, with a sealed road adjacent to the deposit, rail lines located 5km north and 8km south of the deposit and an active 22kV transmission line running to the mine. As the deposit lies in an active mining region, it has strong community support.

### **COMPETENT PERSON**

Information in this release that relates to exploration results is based on information compiled by European Metals Director Dr Pavel Reichl. Dr Reichl is a Certified Professional Geologist, a member of the American Institute of Petroleum Geologists, a Fellow of the Society of Economic Geologists and is a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Dr Reichl consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources has been compiled by Mr Lynn Widenbar. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates and produced the estimate based on data and geological information supplied by European Metals. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

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## CAUTION REGARDING FORWARD LOOKING STATEMENTS

Information included in this release constitutes forward-looking statements. There can be no assurance that ongoing exploration will identify mineralisation that will prove to be economic, that anticipated metallurgical recoveries will be achieved, that future evaluation work will confirm the viability of deposits that may be identified or that required regulatory approvals will be obtained.

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COMPANY SECRETARY